



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004
Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

NEWS RELEASE

FOR RELEASE

October 8, 2002

Contact: Andy Nielsen
515/281-5515

Auditor of State Richard Johnson today released an audit report on the City of Carlisle, Iowa.

Johnson reported that the City's receipts totaled \$3,868,774 for the year ended June 30, 2002, a 3 percent increase from 2001. The receipts included \$955,059 in property tax, \$319,245 from the state and interest on investments of \$97,488.

Disbursements for the year totaled \$4,998,698, a 42 percent increase from the prior year, and included \$900,962 for community protection, \$223,952 for human development, \$3,723,346 for home and community environment, \$144,463 for policy and administration and \$5,975 for non-program. The significant increase in disbursements is due primarily to the completion of the Highway 5 project and disbursements related to the Trailhead and park land acquisition capital projects during fiscal year 2002. The City also purchased two squad cars and a fire truck during fiscal year 2002.

A copy of the audit report is available for review in the office of the Auditor of State and the City Clerk's office.

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CITY OF CARLISLE
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2002

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City of Carlisle

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2002)		
Dennis Woodruff	Mayor	Jan 2002
Chris Coco	Mayor Pro tem	Jan 2002
Patricia Stump	Council Member	Jan 2002
Michael W. Kephart	Council Member	Jan 2004
Ruth Randleman	Council Member	Jan 2004
Sidney Tyler	Council Member	Jan 2004
Neil Ruddy	Administrator/Clerk	Indefinite
Patricia M. Brehse	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite
(After January 2002)		
Dennis Woodruff	Mayor	Jan 2006
Chris Coco	Mayor Pro tem	Jan 2006
Michael W. Kephart	Council Member	Jan 2004
Ruth Randleman	Council Member	Jan 2004
Sidney Tyler	Council Member	Jan 2004
Patricia Stump	Council Member	Jan 2006
Neil Ruddy	Administrator/Clerk	Indefinite
Patricia M. Brehse	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

City of Carlisle



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Warren G. Jenkins, CPA
Chief Deputy Auditor of State

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the City of Carlisle, Iowa, as of and for the year ended June 30, 2002. These financial statements are the responsibility of the City of Carlisle's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Carlisle as of and for the year ended June 30, 2002, and its indebtedness at June 30, 2002, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 18, 2002 on our consideration of the City of Carlisle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

July 18, 2002

City of Carlisle

Financial Statements

City of Carlisle
 Combined Statement of Cash Transactions
 All Fund Types
 Year ended June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 661,753	64,638	228,668
Other city tax	9,986	979	3,473
Use of money and property	28,611	202	6,332
Licenses and permits	42,138	-	-
Intergovernmental	106,364	281,522	-
Charges for service	209,701	-	-
Special assessments	-	-	38,569
Miscellaneous	24,214	17,938	507
Total receipts	1,082,767	365,279	277,549
Disbursements:			
Community Protection Program	881,684	19,278	-
Human Development Program	218,305	5,647	-
Home and Community Environment Program	146,067	269,420	352,285
Policy and Administration Program	144,463	-	-
Non-program	-	-	-
Total disbursements	1,390,519	294,345	352,285
Excess (deficiency) of receipts over (under) disbursements	(307,752)	70,934	(74,736)

Capital Projects	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Trust	
-	-	-	-	955,059
-	-	-	-	14,438
22,283	47,406	516	1,382	106,732
-	-	-	-	42,138
-	-	-	-	387,886
-	1,919,752	14,788	-	2,144,241
7,229	-	-	-	45,798
28	120,051	-	9,744	172,482
29,540	2,087,209	15,304	11,126	3,868,774
-	-	-	-	900,962
-	-	-	-	223,952
868,869	2,078,360	-	8,345	3,723,346
-	-	-	-	144,463
-	-	5,975	-	5,975
868,869	2,078,360	5,975	8,345	4,998,698
(839,329)	8,849	9,329	2,781	(1,129,924)

City of Carlisle
 Combined Statement of Cash Transactions
 All Fund Types
 Year ended June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Other financing sources (uses):			
General obligation bond proceeds, net of \$2,675 discount and \$5,350 good faith deposit	326,975	-	-
General obligation note proceeds	-	-	-
Sale of general fixed assets	3,811	-	-
Operating transfers in	65,617	-	18,696
Operating transfers out	-	(65,617)	-
Total other financing sources (uses)	<u>396,403</u>	<u>(65,617)</u>	<u>18,696</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	88,651	5,317	(56,040)
Balance beginning of year	<u>366,441</u>	<u>233,065</u>	<u>168,516</u>
Balance end of year	<u>\$ 455,092</u>	<u>238,382</u>	<u>112,476</u>

See notes to financial statements.

Capital Projects	Proprietary Fund Types		Fiduciary	Total (Memorandum Only)
	Enterprise	Internal Service	Fund Type Trust	
200,000	-	-	-	526,975
277,000	-	-	-	277,000
-	-	-	-	3,811
-	255,237	-	-	339,550
-	(273,933)	-	-	(339,550)
477,000	(18,696)	-	-	807,786
(362,329)	(9,847)	9,329	2,781	(322,138)
640,114	1,650,938	16,581	76,649	3,152,304
277,785	1,641,091	25,910	79,430	2,830,166

City of Carlisle

Comparison of Receipts, Disbursements and Changes in Balances -
Actual to Budget

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property tax	\$ 955,059	-	955,059
Other city tax	14,438	-	14,438
Use of money and property	106,732	516	106,216
Licenses and permits	42,138	-	42,138
Intergovernmental	387,886	-	387,886
Charges for service	2,144,241	14,788	2,129,453
Special assessments	45,798	-	45,798
Miscellaneous	172,482	1,344	171,138
Total receipts	3,868,774	16,648	3,852,126
Disbursements:			
Community Protection Program	900,962	-	900,962
Human Development Program	223,952	-	223,952
Home and Community Environment Program	3,723,346	-	3,723,346
Policy and Administration Program	144,463	-	144,463
Non-program	5,975	5,975	-
Total disbursements	4,998,698	5,975	4,992,723
Excess (deficiency) of receipts over (under) disbursements	(1,129,924)	10,673	(1,140,597)
Other financing sources, net	807,786	-	807,786
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(322,138)	10,673	(332,811)
Balance beginning of year	3,152,304	39,083	3,113,221
Balance end of year	<u>\$ 2,830,166</u>	<u>49,756</u>	<u>2,780,410</u>

See notes to financial statements.

Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
956,899	(1,840)	100%
14,362	76	101%
69,600	36,616	153%
16,200	25,938	260%
397,695	(9,809)	98%
2,396,265	(266,812)	89%
24,933	20,865	184%
36,325	134,813	475%
<u>3,912,279</u>	<u>(60,153)</u>	<u>98%</u>
931,401	30,439	97%
600,189	376,237	37%
3,672,832	(50,514)	101%
152,146	7,683	95%
-	-	
<u>5,356,568</u>	<u>363,845</u>	<u>93%</u>
(1,444,289)		
<u>793,500</u>		
(650,789)		
<u>2,775,954</u>		
<u><u>2,125,165</u></u>		

City of Carlisle
Statement of Indebtedness
Year ended June 30, 2002

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Essential corporate purpose	Dec 1, 1998	4.150-4.700%	\$ 890,000
Essential corporate purpose	Oct 1, 1999	4.400-5.100	430,000
General and essential corporate purpose	Jul 1, 2001	3.800-4.800	535,000
Total			
General obligation capital loan notes:			
General and essential corporate purpose	Apr 1, 1995	4.900-5.900%	\$ 645,000
Anticipation project note	Aug 22, 2001	4.125	277,000
Total			
Revenue capital loan notes:			
Sewer	Oct 15, 1993	4.864%	\$ 1,048,000
Sewer	Oct 15, 1993	4.370	535,000
Total			
Revenue bonds:			
Electric	Dec 1, 1998	4.00-4.45%	\$ 610,000

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
860,000	-	55,000	805,000	37,200
370,000	-	45,000	325,000	18,010
-	535,000	85,000	450,000	20,925
<u>\$ 1,230,000</u>	<u>535,000</u>	<u>185,000</u>	<u>1,580,000</u>	<u>76,135</u>
545,000	-	60,000	485,000	29,875
-	277,000	-	277,000	8,860
<u>\$ 545,000</u>	<u>277,000</u>	<u>60,000</u>	<u>762,000</u>	<u>38,735</u>
785,000	-	45,000	740,000	38,182
337,000	-	20,000	317,000	14,727
<u>\$ 1,122,000</u>	<u>-</u>	<u>65,000</u>	<u>1,057,000</u>	<u>52,909</u>
480,000	-	75,000	405,000	20,448

City of Carlisle

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

The City of Carlisle is a political subdivision of the State of Iowa located in Warren County. It was first incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general administrative services.

A. Reporting Entity

For financial reporting purposes, the City of Carlisle has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Carlisle (the primary government) and the Carlisle Volunteer Fire Department and Friends of the Carlisle Library (component units). These component units, discussed below, are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

The Carlisle Volunteer Fire Department and Friends of the Carlisle Library are entities which are legally separate from the City but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of the City and blended into the special revenue fund type.

Jointly Governed Organizations - The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Warren County Assessor's Conference Board, Warren County Joint E911 Service Board, and Warren County Emergency Management Commission.

The City also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Des Moines Area Transportation Planning Commission and Central Iowa Area Safety and Support Organization.

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and fund balances. The various funds and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid through other funds.

Special Revenue Funds - The Special Revenue Funds are utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation and special assessment long-term debt.

Capital Projects Funds - The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through Enterprise Funds.

Proprietary Funds

Enterprise Funds - The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

Internal Service Fund - The Internal Service Fund is utilized to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to governments, on a cost-reimbursement basis.

Fiduciary Funds

Trust Funds - The Trust Funds are utilized to account for monies and properties received and held by the City in a trustee capacity. These include expendable trust funds and non-expendable trust funds.

C. Basis of Accounting

The City of Carlisle maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

D. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except non-expendable trust and internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon four major classes of disbursements, known as programs, not by fund. These four programs are community protection, human development, home and community environment and policy and administration.

E. Total (Memorandum Only)

The total column on the combined statement of cash transactions is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Deposits

The City's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds, general obligation capital loan notes and revenue notes and bonds are as follows:

Year Ending June 30,	General Obligation Bonds		General Obligation Capital Loan Notes		Revenue Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 145,000	70,538	337,000	38,273	68,000	49,847
2004	150,000	64,372	60,000	23,695	72,000	46,643
2005	155,000	57,945	60,000	20,545	74,000	43,250
2006	150,000	51,242	60,000	17,365	77,000	39,758
2007	160,000	44,680	60,000	14,095	81,000	36,127
2008	160,000	37,540	60,000	10,735	86,000	32,306
2009	170,000	30,335	60,000	7,315	89,000	28,249
2010	130,000	22,535	65,000	3,835	93,000	24,055
2011	135,000	16,715	-	-	97,000	19,671
2012	135,000	10,540	-	-	102,000	15,095
2013	90,000	4,230	-	-	107,000	10,282
2014	-	-	-	-	111,000	5,236
Total	\$ 1,580,000	410,672	762,000	135,858	1,057,000	350,519

Year Ending June 30,	Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2003	\$ 70,000	17,372	620,000	176,030
2004	65,000	14,468	347,000	149,178
2005	60,000	11,737	349,000	133,477
2006	55,000	9,187	342,000	117,552
2007	50,000	6,823	351,000	101,725
2008	50,000	4,648	356,000	85,229
2009	55,000	2,447	374,000	68,346
2010	-	-	288,000	50,425
2011	-	-	232,000	36,386
2012	-	-	237,000	25,635
2013	-	-	197,000	14,512
2014	-	-	111,000	5,236
Total	\$ 405,000	66,682	3,804,000	963,731

The resolutions providing for the issuance of the sewer revenue capital loan notes and the electric revenue bonds include the following provisions:

- (1) The notes and bonds will only be redeemed from the future earnings of the enterprise activity and the note/bond holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate sewer and electric revenue sinking accounts for the purpose of making the note and bond principal and interest payments when due.
- (3) Additional monthly transfers shall be made to separate sewer and electric reserve accounts until a specific minimum balance has been accumulated. This account is restricted for the purpose of paying note and bond principal and interest payments when insufficient money is available in the sinking account.
- (4) Additional monthly transfers of \$500 to a sewer improvement account and \$200 to an electric improvement account shall be made until respective balances of \$20,000 and \$60,000 have been accumulated. These accounts are restricted for the purpose of paying note and bond principal and interest payments when insufficient money is available in the sinking and reserve accounts and to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget and for capital improvements to the system.
- (5) Sewer user rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$53,328, \$48,647, and \$42,203, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave, and compensatory hours for subsequent use or for payment upon termination, retirement or death. However, sick leave hours are lost upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2002, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 40,400
Compensatory time	<u>55,700</u>
Total	<u>\$ 96,100</u>

This liability has been computed based on rates of pay in effect at June 30, 2002.

(6) Risk Management

The City of Carlisle is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Deficit Fund Balances

The Capital Projects Funds, South 5th Street Paving and REAP Wetlands, had deficit balances of \$17,040 and \$8,518, respectively, at June 30, 2002. The deficit balances were a result of project costs incurred prior to availability of funds. The deficits will be eliminated upon receipt of special assessments and grant proceeds.

(8) Local Government Risk Pool and Subsequent Event

During the year ended June 30, 2002, the City was a member in the Tri Cities Health Plan, as allowed by Chapter 384.12 of the Code of Iowa. The Tri Cities Health Plan (Pool) is a local government risk-sharing pool whose three members include the cities of Carlisle, Indianola and Norwalk. The Pool was formed July 1, 1997 for the purpose of managing and funding an employee health plan.

Each member's monthly contributions to the Pool fund current operations and provide capital. Monthly operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The City's contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2002 were \$144,822.

Members agree to continue membership in the Pool for a period of not less than two years. After such period, a member who has given 180 days prior written notice may withdraw from the Pool. Upon withdrawal, the City leaving the pool shall receive its share of the Pool funds and/or bear its share of the Pool's liability. All distributed funds or assigned liability shall be prorated based on the current number of employees each city has at the time written termination notice is delivered or mailed. Each city leaving the Pool shall be responsible for its pending claims upon withdrawal.

Effective July 1, 2002, the City has withdrawn from the Pool. To insure for the risks previously covered by the Pool, the City has purchased commercial health insurance effective July 1, 2002.

(9) Pending Litigation

The City is a defendant in a lawsuit. The probability and amount of loss, if any, is undeterminable.

(10) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2002, disbursements in the Home and Community Environment Program exceeded the amount budgeted.

Supplemental Information

City of Carlisle

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ceme- tery	Tax Abate- ments	Total
Receipts:				
Property tax	\$ 661,753	-	-	661,753
Other city tax:				
Mobile home tax	5,607	-	-	5,607
Utility tax replacement excise tax	4,379	-	-	4,379
	9,986	-	-	9,986
Use of money and property:				
Interest on investments	19,367	-	-	19,367
Rent	9,244	-	-	9,244
	28,611	-	-	28,611
Licenses and permits	38,638	-	3,500	42,138
Intergovernmental:				
State allocation	39,143	-	-	39,143
County library	15,922	-	-	15,922
Fire contracts	32,923	-	-	32,923
Ambulance agreements	7,500	-	-	7,500
Public Safety and Community				
Policing grant	6,397	-	-	6,397
Miscellaneous	4,479	-	-	4,479
	106,364	-	-	106,364
Charges for service:				
Solid waste fees	154,388	-	-	154,388
Library fees	828	-	-	828
Ambulance	49,444	-	-	49,444
Cemetery	-	4,031	-	4,031
Animal control	750	-	-	750
Miscellaneous	260	-	-	260
	205,670	4,031	-	209,701

Schedule 1

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ceme- tery	Tax Abate- ments	Total
Receipts (continued):				
Miscellaneous:				
Fines and fees	14,587	-	-	14,587
Refunds and reimbursements	496	-	-	496
Miscellaneous	9,131	-	-	9,131
	<u>24,214</u>	-	-	<u>24,214</u>
Total receipts	1,075,236	4,031	3,500	1,082,767
Disbursements:				
Community Protection Program:				
Police:				
Personal services	328,498	-	-	328,498
Contractual services	51,059	-	-	51,059
Commodities	26,823	-	-	26,823
Capital outlay	53,900	-	-	53,900
	<u>460,280</u>	-	-	<u>460,280</u>
Fire:				
Personal services	18,728	-	-	18,728
Contractual services	37,456	-	-	37,456
Commodities	64,645	-	-	64,645
Capital outlay	250,317	-	-	250,317
	<u>371,146</u>	-	-	<u>371,146</u>
Street lighting	<u>11,278</u>	-	-	<u>11,278</u>
Ambulance:				
Personal services	5,900	-	-	5,900
Contractual services	8,224	-	-	8,224
Commodities	24,856	-	-	24,856
	<u>38,980</u>	-	-	<u>38,980</u>
	<u>881,684</u>	-	-	<u>881,684</u>

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ceme- tery	Tax Abate- ments	Total
Disbursements (continued):				
Human Development Program:				
Animal control	3,600	-	-	3,600
Mosquito spraying	2,084	-	-	2,084
Library:				
Personal services	64,675	-	-	64,675
Contractual services	10,882	-	-	10,882
Commodities	2,577	-	-	2,577
Capital outlay	15,801	-	-	15,801
	93,935	-	-	93,935
Community Building:				
Personal services	747	-	-	747
Contractual services	6,574	-	-	6,574
Commodities	3,953	-	-	3,953
	11,274	-	-	11,274
Rec Center:				
Contractual services	2,155	-	-	2,155
Commodities	520	-	-	520
	2,675	-	-	2,675
Park:				
Personal services	47,084	-	-	47,084
Contractual services	44,302	-	-	44,302
Commodities	7,656	-	-	7,656
Capital outlay	5,695	-	-	5,695
	104,737	-	-	104,737
	218,305	-	-	218,305
Home and Community Environment Program:				
Solid waste:				
Contractual services	138,376	-	-	138,376
Commodities	2,459	-	-	2,459
	140,835	-	-	140,835

Schedule 1

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ceme- tery	Tax Abate- ments	Total
Disbursements (continued):				
Home and Community Environment Program:				
Economic development	2,399	-	-	2,399
Community beautification	1,152	-	-	1,152
Cemetery:				
Personal services	-	1,502	-	1,502
Commodities	-	179	-	179
	144,386	1,681	-	146,067
Policy and Administration Program:				
Mayor and Council Members:				
Personal services	8,326	-	-	8,326
Contractual services	737	-	-	737
	9,063	-	-	9,063
City Hall:				
Personal services	23,555	-	-	23,555
Contractual services	92,576	-	-	92,576
Commodities	6,360	-	-	6,360
Capital outlay	1,641	-	-	1,641
	124,132	-	-	124,132
Legal and professional:				
Contractual services	11,268	-	-	11,268
	144,463	-	-	144,463
Total disbursements	1,388,838	1,681	-	1,390,519
Excess (deficiency) of receipts over (under) disbursements	(313,602)	2,350	3,500	(307,752)

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ceme- tery	Tax Abate- ments	Total
Other financing sources:				
General obligation bond proceeds, net of \$1,660 discount and \$5,350 good faith deposit	326,975	-	-	326,975
Sale of general fixed assets	3,811	-	-	3,811
Operating transfers in:				
Special Revenue:				
Employee Benefits	65,617	-	-	65,617
Total other financing sources	396,403	-	-	396,403
Excess of receipts and other financing sources over disbursements	82,801	2,350	3,500	88,651
Balance beginning of year	349,954	524	15,963	366,441
Balance end of year	\$ 432,755	2,874	19,463	455,092

See accompanying independent auditor's report.

Schedule 2

City of Carlisle
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2002

	Road Use Tax	Employee Benefits	Friends of the Library	Carlisle Volunteer Fire Department	Total
Receipts:					
Property tax	\$ -	64,638	-	-	64,638
Other city tax:					
Mobile home tax	-	549	-	-	549
Utility tax replacement excise tax	-	430	-	-	430
	-	979	-	-	979
Use of money and property:					
Interest on investments	-	-	93	109	202
Intergovernmental:					
Road use tax allocation	280,102	-	-	-	280,102
Sales tax refund	1,420	-	-	-	1,420
	281,522	-	-	-	281,522
Miscellaneous:					
Donations	-	-	4,612	9,674	14,286
Fund raisers	-	-	596	733	1,329
Refunds and reimbursements	439	-	-	273	712
Miscellaneous	-	-	1,611	-	1,611
	439	-	6,819	10,680	17,938
Total receipts	281,961	65,617	6,912	10,789	365,279
Disbursements:					
Community Protection Program:					
Contractual services	-	-	-	560	560
Commodities	-	-	-	4,158	4,158
Capital outlay	-	-	-	14,560	14,560
	-	-	-	19,278	19,278
Human Development Program:					
Contractual services	-	-	2,030	-	2,030
Commodities	-	-	3,617	-	3,617
	-	-	5,647	-	5,647

City of Carlisle
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2002

	Road Use Tax	Employee Benefits	Friends of the Library	Carlisle Volunteer Fire Department	Total
Disbursements (continued):					
Home and Community Environment Program:					
Personal services	98,441	-	-	-	98,441
Contractual services	108,601	-	-	-	108,601
Commodities	44,508	-	-	-	44,508
Capital outlay	17,870	-	-	-	17,870
	<u>269,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,420</u>
Total disbursements	<u>269,420</u>	<u>-</u>	<u>5,647</u>	<u>19,278</u>	<u>294,345</u>
Excess (deficiency) of receipts over (under) disbursements	12,541	65,617	1,265	(8,489)	70,934
Other financing uses:					
Operating transfers out:					
General:					
General	-	(65,617)	-	-	(65,617)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	12,541	-	1,265	(8,489)	5,317
Balance beginning of year	<u>207,986</u>	<u>-</u>	<u>8,836</u>	<u>16,243</u>	<u>233,065</u>
Balance end of year	<u>\$ 220,527</u>	<u>-</u>	<u>10,101</u>	<u>7,754</u>	<u>238,382</u>

See accompanying independent auditor's report.

Schedule 3

City of Carlisle
Schedule of Cash Transactions
Debt Service Fund
Year ended June 30, 2002

Receipts:	
Property tax	\$ 228,668
Other city tax:	
Mobile home tax	1,951
Utility tax replacement excise tax	1,522
	<u>3,473</u>
Use of money and property:	
Interest on investments	<u>6,332</u>
Special assessments	<u>38,569</u>
Miscellaneous:	
Accrued interest on bonds sold	507
Total receipts	<u>277,549</u>
Disbursements:	
Home and Community Environment Program:	
Debt service:	
Principal redemption	245,000
Interest payments	106,010
Miscellaneous	1,275
Total disbursements	<u>352,285</u>
Deficiency of receipts under disbursements	(74,736)
Other financing sources:	
Operating transfers in:	
Enterprise:	
Electric	<u>18,696</u>
Deficiency of receipts and other financing sources under disbursements	(56,040)
Balance beginning of year	<u>168,516</u>
Balance end of year	<u>\$ 112,476</u>

See accompanying independent auditor's report.

City of Carlisle
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2002

	South 5th Street Paving	Highway 5 Project	REAP Wetlands	Trailhead Project	Park Land Acquisition	1st Street Bridge	Total
Receipts:							
Use of money and property:							
Interest on investments	\$ -	16,844	-	1,849	1,340	2,250	22,283
Special assessments	7,229	-	-	-	-	-	7,229
Miscellaneous:							
Accrued interest on bonds sold	-	-	-	-	28	-	28
Total receipts	7,229	16,844	-	1,849	1,368	2,250	29,540
Disbursements:							
Home and Community Environment Program:							
Contractual services	-	-	-	27,442	2,132	4,623	34,197
Commodities	-	-	-	291	-	-	291
Capital outlay	-	558,145	-	-	275,159	-	833,304
Debt service:							
Interest payment	-	-	-	-	1,077	-	1,077
Total disbursements	-	558,145	-	27,733	278,368	4,623	868,869
Excess (deficiency) of receipts over (under) disbursements	7,229	(541,301)	-	(25,884)	(277,000)	(2,373)	(839,329)
Other financing sources:							
General obligation bond proceeds, net of \$1,015 discount	-	-	-	100,000	-	100,000	200,000
General obligation note proceeds	-	-	-	-	277,000	-	277,000
Total other financing sources	-	-	-	100,000	277,000	100,000	477,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements	7,229	(541,301)	-	74,116	-	97,627	(362,329)
Balance beginning of year	(24,269)	672,901	(8,518)	-	-	-	640,114
Balance end of year	\$ (17,040)	131,600	(8,518)	74,116	-	97,627	277,785

See accompanying independent auditor's report.

City of Carlisle
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Water	Water Revenue Sinking	Water Improve- ment	Water Projects	Sewer Rental	Sewer Revenue Sinking
Receipts:						
Use of money and property:						
Interest on investments	\$ 7,478	-	-	-	21,333	-
Charges for service:						
Sale of water	365,383	-	-	-	-	-
Sewer rental fees	-	-	-	-	383,756	-
Electric sales	-	-	-	-	-	-
	365,383	-	-	-	383,756	-
Miscellaneous:						
Sales tax collected	17,577	-	-	-	2,197	-
Customer deposits	-	-	-	-	-	-
Tower agreement	19,200	-	-	-	-	-
Miscellaneous	3,736	-	-	-	197	-
	40,513	-	-	-	2,394	-
Total receipts	413,374	-	-	-	407,483	-
Disbursements:						
Home and Community Environment Program:						
Water:						
Personal services	114,048	-	-	-	-	-
Contractual services	171,065	-	-	3,385	-	-
Commodities	54,826	-	-	-	-	-
Capital outlay	2,233	-	-	-	-	-
	342,172	-	-	3,385	-	-
Sewer:						
Personal services	-	-	-	-	114,560	-
Contractual services	-	-	-	-	45,440	-
Commodities	-	-	-	-	40,414	-
	-	-	-	-	200,414	-
Electric:						
Personal services	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Commodities	-	-	-	-	-	-
Purchased power	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
	-	-	-	-	-	-
Meter deposits refunded	-	-	-	-	-	-

Sewer Improve- ment	Sewer Reserve	Electric	Electric Sinking	Electric Improve- ment	Electric Reserve	Meter Deposits	Total
-	-	17,588	-	-	-	1,007	47,406
-	-	-	-	-	-	-	365,383
-	-	-	-	-	-	-	383,756
-	-	1,170,613	-	-	-	-	1,170,613
-	-	1,170,613	-	-	-	-	1,919,752
-	-	46,359	-	-	-	-	66,133
-	-	-	-	-	-	9,115	9,115
-	-	-	-	-	-	-	19,200
-	-	21,670	-	-	-	-	25,603
-	-	68,029	-	-	-	9,115	120,051
-	-	1,256,230	-	-	-	10,122	2,087,209
-	-	-	-	-	-	-	114,048
-	-	-	-	-	-	-	174,450
-	-	-	-	-	-	-	54,826
-	-	-	-	-	-	-	2,233
-	-	-	-	-	-	-	345,557
-	-	-	-	-	-	-	114,560
-	-	-	-	-	-	-	45,440
-	-	-	-	-	-	-	40,414
-	-	-	-	-	-	-	200,414
-	-	334,046	-	-	-	-	334,046
-	-	141,776	-	-	-	-	141,776
-	-	106,613	-	-	-	-	106,613
-	-	610,349	-	-	-	-	610,349
-	-	118,101	-	-	-	-	118,101
-	-	1,310,885	-	-	-	-	1,310,885
-	-	-	-	-	-	7,286	7,286

City of Carlisle
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Water Revenue Water Sinking	Water Improve- ment	Water Projects	Sewer Rental	Sewer Revenue Sinking
Disbursements (continued):					
Home and Community Environment Program:					
Debt service:					
Principal redemption	-	-	-	-	65,000
Interest payments	-	-	-	-	52,909
Miscellaneous	-	-	-	-	561
	-	-	-	-	118,470
Total disbursements	342,172	-	3,385	200,414	118,470
Excess (deficiency) of receipts over (under) disbursements	71,202	-	(3,385)	207,069	(118,470)
Other financing sources (uses):					
Operating transfers in (out):					
Debt Service	-	-	-	-	-
Enterprise:					
Water	-	-	3,385	-	-
Water Projects	(3,385)	-	-	-	-
Sewer Rental	-	-	-	-	118,476
Sewer Revenue Sinking	-	-	-	(118,476)	-
Sewer Reserve	-	-	-	(29,628)	-
Electric	-	-	-	-	-
Electric Sinking	-	-	-	-	-
Electric Improvement	-	-	-	-	-
Total other financing sources (uses)	(3,385)	-	3,385	(148,104)	118,476
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	67,817	-	-	58,965	6
Balance beginning of year	180,778	8,112	60,494	365,363	118,570
Balance end of year	\$ 248,595	8,112	60,494	424,328	118,576

See accompanying independent auditor's report.

Sewer Improve- ment	Sewer Reserve	Electric	Electric Sinking	Electric Improve- ment	Electric Reserve	Meter Deposits	Total
-	-	-	75,000	-	-	-	140,000
-	-	-	20,448	-	-	-	73,357
-	-	-	300	-	-	-	861
-	-	-	95,748	-	-	-	214,218
-	-	1,310,885	95,748	-	-	7,286	2,078,360
-	-	(54,655)	(95,748)	-	-	2,836	8,849
-	-	(18,696)	-	-	-	-	(18,696)
-	-	-	-	-	-	-	3,385
-	-	-	-	-	-	-	(3,385)
-	29,628	-	-	-	-	-	148,104
-	-	-	-	-	-	-	(118,476)
-	-	-	-	-	-	-	(29,628)
-	-	-	95,748	8,000	-	-	103,748
-	-	(95,748)	-	-	-	-	(95,748)
-	-	(8,000)	-	-	-	-	(8,000)
-	29,628	(122,444)	95,748	8,000	-	-	(18,696)
-	29,628	(177,099)	-	8,000	-	2,836	(9,847)
24,000	217,376	503,455	7,490	73,732	61,000	30,568	1,650,938
24,000	247,004	326,356	7,490	81,732	61,000	33,404	1,641,091

Schedule 6

City of Carlisle
Schedule of Cash Transactions
Internal Service Fund
Year ended June 30, 2002

	<u>Self Funded Dental Insurance</u>
Receipts:	
Use of money and property:	
Interest on investments	\$ 516
Charges for service:	
Reimbursements from operating funds	<u>14,788</u>
Total receipts	<u>15,304</u>
Disbursements:	
Non-program:	
Contractual services	<u>5,975</u>
Excess of receipts over disbursements	9,329
Balance beginning of year	<u>16,581</u>
Balance end of year	<u><u>\$ 25,910</u></u>

See accompanying independent auditor's report.

City of Carlisle
Combining Schedule of Cash Transactions
Trust Funds
Year ended June 30, 2002

	Non- Expendable Trust Cemetery Perpetual Care	Expendable Trust Gifts and Bequests	Total
Receipts:			
Use of money and property:			
Interest on investments	\$ -	1,382	1,382
Miscellaneous:			
Perpetual care payments	1,344	-	1,344
Tower agreement	-	8,400	8,400
	<u>1,344</u>	<u>8,400</u>	<u>9,744</u>
Total receipts	<u>1,344</u>	<u>9,782</u>	<u>11,126</u>
Disbursements:			
Home and Community Environment Program:			
Contractual services	-	562	562
Debt service:			
Interest payments	-	7,783	7,783
Total disbursements	<u>-</u>	<u>8,345</u>	<u>8,345</u>
Excess of receipts over disbursements	1,344	1,437	2,781
Balance beginning of year	<u>22,502</u>	<u>54,147</u>	<u>76,649</u>
Balance end of year	<u>\$ 23,846</u>	<u>55,584</u>	<u>79,430</u>

See accompanying independent auditor's report.

City of Carlisle
 Bond and Note Maturities
 June 30, 2002

General Obligation Bonds								
Year Ending June 30,	Issued Dec 1, 1998		Issued Oct 1, 1999		Issued Jul 1, 2001		Total	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount		
2003	4.15%	\$ 60,000	4.70%	\$ 45,000	3.90%	\$ 40,000	\$ 145,000	
2004	4.15	60,000	4.75	45,000	4.00	45,000	150,000	
2005	4.15	65,000	4.80	45,000	4.10	45,000	155,000	
2006	4.15	65,000	4.90	45,000	4.15	40,000	150,000	
2007	4.20	70,000	5.00	50,000	4.25	40,000	160,000	
2008	4.25	70,000	5.05	45,000	4.35	45,000	160,000	
2009	4.30	75,000	5.10	50,000	4.50	45,000	170,000	
2010	4.40	80,000		-	4.60	50,000	130,000	
2011	4.50	85,000		-	4.70	50,000	135,000	
2012	4.60	85,000		-	4.80	50,000	135,000	
2013	4.70	90,000		-		-	90,000	
2014		-		-		-	-	
Total		<u>\$ 805,000</u>		<u>\$ 325,000</u>		<u>\$ 450,000</u>	<u>\$ 1,580,000</u>	

See accompanying independent auditor's report.

General Obligation Capital Loan Notes				Revenue Capital Loan Notes						Electric Revenue Bonds Issued Dec 1, 1998	
Issued Apr 1, 1995		Issued Aug 22, 2001		Total	Issued Oct 15, 1993		Issued Oct 15, 1993		Total	Interest	
Interest Rates	Amount	Interest Rates	Amount		Interest Rates	Amount	Interest Rates	Amount		Interest Rates	Amount
5.20%	\$ 60,000	4.125%	\$ 277,000	\$337,000	4.864%	\$ 47,000	4.370%	\$ 21,000	\$ 68,000	4.150%	\$ 70,000
5.25	60,000			60,000	4.864	50,000	4.370	22,000	72,000	4.200	65,000
5.30	60,000			60,000	4.864	52,000	4.370	22,000	74,000	4.250	60,000
5.45	60,000			60,000	4.864	54,000	4.370	23,000	77,000	4.300	55,000
5.60	60,000			60,000	4.864	57,000	4.370	24,000	81,000	4.350	50,000
5.70	60,000			60,000	4.864	60,000	4.370	26,000	86,000	4.400	50,000
5.80	60,000			60,000	4.864	62,000	4.370	27,000	89,000	4.450	55,000
5.90	65,000			65,000	4.864	65,000	4.370	28,000	93,000		-
-	-		-	-	4.864	68,000	4.370	29,000	97,000		-
-	-		-	-	4.864	72,000	4.370	30,000	102,000		-
-	-		-	-	4.864	75,000	4.370	32,000	107,000		-
-	-		-	-	4.864	78,000	4.370	33,000	111,000		-
<u>\$ 485,000</u>		<u>\$ 277,000</u>		<u>\$762,000</u>	<u>\$ 740,000</u>		<u>\$ 317,000</u>		<u>\$ 1,057,000</u>	<u>\$ 405,000</u>	

Schedule 9

City of Carlisle

Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2002	2001	2000	1999
Property and other city tax	\$ 969,497	839,853	810,764	702,930
Intergovernmental:				
Road use tax allocation	280,102	264,849	262,893	248,595
State allocation	39,143	39,756	39,874	39,848
Grants	17,480	31,134	6,460	980
Other	51,161	50,973	50,053	74,486
	<u>387,886</u>	<u>386,712</u>	<u>359,280</u>	<u>363,909</u>
Total	<u>\$ 1,357,383</u>	<u>1,226,565</u>	<u>1,170,044</u>	<u>1,066,839</u>

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

**Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting**

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Carlisle, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated July 18, 2002. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Carlisle's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved except for item 7-02.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Carlisle's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Carlisle's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described in the accompanying Schedule of Findings are material weaknesses. The prior year's reportable condition has not been resolved and is repeated as item A-02.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Carlisle and other parties to whom the City of Carlisle may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Carlisle during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

July 18, 2002

City of Carlisle
Schedule of Findings
Year ended June 30, 2002

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

A-02 Electronic Data Processing Systems – The following weaknesses in the City's computer based systems were noted:

The City does not have written policies for:

- requiring password changes because software does not require the user to change log-ins/passwords periodically.
- usage of the internet.

Also, the City does not have a written disaster recovery plan.

Recommendation – The City should develop written policies addressing the above items in order to improve the City's control over computer based systems. Also, a written disaster recovery plan should be developed and kept off site.

Response – The City is in the process of developing an Electronic Data Processing Systems Policy for the City of Carlisle that addresses the concerns raised by the Auditor. The City of Carlisle also has developed a draft Business Preservation Plan as part of an Emergency Operations Plan for the City of Carlisle that provides for an alternate City Hall location and replacement of essential equipment. The City also has an informal reciprocal understanding on EDP disaster recovery with the City of Norwalk. Both cities operate the same EDP hardware and software systems and in the event of a disaster each city would allow the other to temporarily recreate and operate its respective EDP systems on the other City's facilities.

Conclusion – Response accepted.

B-02 Compensatory Time Policy – Although individual earnings records were maintained which tracked compensatory time earned and taken, the City does not have a written policy authorizing City employees to cash in compensatory time or to restrict the accumulation to a maximum amount.

Recommendation – The City should develop a written policy for compensatory time for City employees addressing the above items.

Response – The City has followed the Federal fair labor standards act guidelines which allow police employees to carry up to 480 hours of compensatory time on the books and non-police employees to carry up to 240 hours on the books. The City will develop a policy covering compensatory time.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2002

Findings Related to Required Statutory Reporting:

1-02 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.

2-02 Certified Budget - Disbursements during the year ended June 30, 2002, exceeded the amount budgeted in the Home and Community Environment Program. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in sufficient amount in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget was amended on May 28, 2002 for a Project Note to purchase property at 1220 S. 5th St. in the amount of \$277,000 and infrastructure funds from the State of Iowa to be used by the Library in the amount of \$263. As per the City's past practice, the budget was amended to increase the budgeted appropriation by the amount of the disbursements after the disbursements had been made. If necessary in the future, the City will schedule a budget amendment hearing prior to disbursing unbudgeted funds.

Conclusion - Response accepted.

3-02 Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

4-02 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

5-02 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Jim Shoning, Fire Department Administrative Assistant, owner of Carlisle Photo	Computer and photography supplies	\$ 861
Dr. Dennis Woodruff, Mayor, owner of Avondale Animal Hospital	Animal control	3,600

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Jim Shoning do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year. The City Attorney has opined that transactions with Dr. Dennis Woodruff do not represent a conflict of interest.

City of Carlisle

Schedule of Findings

Year ended June 30, 2002

6-02 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

7-02 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

Minutes of the June 10, 2002 Council meeting were not published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation - The City should publish minutes as required.

Response - The City will strive to publish Council meeting minutes as required by the Code of Iowa in the future.

Conclusion - Response accepted.

8-02 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

9-02 Revenue Bonds/Notes - The City has complied with the requirements of the revenue bond/note provisions.

10-02 Other Information Required by Bond Resolution

Insurance - The following insurance policies were in force at June 30, 2002:

Insurer	Description	Amount	Expiration Date
Employers Mutual Casualty Company	Public officials bond: Clerk/Treasurer Assistant Clerk	\$ 95,000 10,000	Apr 1, 2003
Employers Mutual Casualty Company	Vehicle coverage: Combined single limit Auto medical Uninsured and underinsured motorist: Each occurrence	1,000,000 1,000 50,000	Apr 1, 2003
Employers Mutual Casualty Company	Linebacker coverage - Council Members: Each loss Aggregate	1,000,000 1,000,000	Apr 1, 2003

City of Carlisle
Schedule of Findings
Year ended June 30, 2002

Insurer	Description	Expiration Amount	Date
Employers Mutual Casualty Company	Employee dishonesty:		
	Per employee	25,000	
	Forgery/alteration	10,000	Apr 1, 2003
Employers Mutual Casualty Company	Special multi-peril property coverage:		
	Blanket building, personal property and property in the open	4,852,036	Apr 1, 2003
	Liability:		
	General - aggregate	2,000,000	
	Products/completed Operations - aggregate	2,000,000	
	Personal injury	1,000,000	
	Each occurrence	1,000,000	
Fire damage (any one fire)	100,000		
Medical expense (any one person)	5,000		
Employers Mutual Casualty Company	Umbrella policy	3,000,000	Apr 1, 2003
Employers Mutual Casualty Company	Inland marine:		
	Contractor's equipment	\$274,130	Apr 1, 2003
	Miscellaneous	325,081	
	Data processing	25,000	
Employers Mutual Casualty Company	Comprehensive crime:		
	Loss inside premises and messenger	2,500	Apr 1, 2003
	Loss outside premises	2,500	Apr 1, 2003
Employers Mutual Casualty Company	Workers' compensation	500,000	Apr 1, 2003

City of Carlisle
Schedule of Findings
Year ended June 30, 2002

Statistical Information:

Description	Amount
Sewer customers served at June 30, 2002	1,348

Sewer rates in effect at June 30, 2002:

A monthly basic service fee of \$10 plus \$2.50 per 1,000 gallons of all non-irrigation water and water service attributable to the contributor for the property served.

For those contributors who contribute wastewater, the strength of which is greater than normal domestic sewage, a surcharge in addition to the normal charge is collected as follows:

BOD	\$0.31 per pound
Suspended solids	\$0.29 per pound
Other pollutants	\$0.31 per pound

City of Carlisle

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager
Randi J. Rowedder, CPA, Senior Auditor II
Natalie J. Storm, CPA, Staff Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State